

**NORTH
VANCOUVER
MUSEUM
and
ARCHIVES
COMMISSION**

**2014
AUDITED
FINANCIAL
STATEMENTS**

**NORTH VANCOUVER MUSEUM AND ARCHIVES COMMISSION
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2014**

TABLE OF CONTENTS

North Vancouver Museum and Archives Commission	1
Independent Auditors' Report	2
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Financial Assets.....	6
Statement of Cash Flows.....	7
Notes to Financial Statements	8-14

The North Vancouver Museum and Archives Commission 2014

The North Vancouver Museum and Archives Commission was established by City of North Vancouver Bylaw 6719 and District of North Vancouver Bylaw 6789 on November 9th, 1995 for effective operation on January 1st, 1996. The Commission succeeded the City of North Vancouver Museum and Archives Committee (established 1972) as manager of the community's museum and archives.

Commissioners of the North Vancouver Museum and Archives Commission, 2014

Appointed by the City of North Vancouver:

Councillor Donald H. Bell
Mr Donald Evans (Vice Chair)
Ms Sheryl Fisher (appointed July 7)
Ms Matti Polychronis
Mr Robert Watt

Appointed by the District of North Vancouver:

Councillor Robin Hicks
Mr Douglas Colby (to April 25)
Ms Catharine Downes
Mr Victor Elderton
Mr Terry Hood (appointed June 17)
Mr Sanford Osler (Chair)

Representative of the Friends of the North Vancouver Museum and Archives Society:

Mr Robert Heywood
Mr John Gilmour (alternate)

Commission Administrative Staff:

Ms Nancy Kirkpatrick, Director
Ms Janice Manaton, Administrative Services Manager



KPMG LLP
Chartered Accountants
Metrotower II
Suite 2400 - 4720 Kingsway
Burnaby BC V5H 4N2
Canada

Telephone (604) 527-3600
Fax (604) 527-3636
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Commissioners of the North Vancouver Museum and Archives Commission

We have audited the accompanying financial statements of the North Vancouver Museum and Archives Commission, which comprise the statement of financial position as at December 31, 2014 and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the North Vancouver Museum and Archives Commission as at December 31, 2014 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

June 4, 2015

Burnaby, Canada

North Vancouver Museum and Archives Commission
Statement of Financial Position
As at December 31, 2014 with comparative figures for 2013

	<u>2014</u>	<u>2013</u>
Financial Assets		
Due from the City of North Vancouver (note 3)	\$ 248,789	\$ 227,353
Due from the District of North Vancouver (note 3)	10,497	10,497
Accounts receivable and other	24,095	429
Total Financial Assets	<u>283,381</u>	<u>238,279</u>
Liabilities		
Accounts payable and accrued liabilities	40,707	39,082
Deferred revenue (note 4)	92,408	27,702
Post-employment benefits, compensated absences and termination benefits (note 5)	62,900	65,300
Total Liabilities	<u>196,015</u>	<u>132,084</u>
Net Financial Assets	<u>87,366</u>	<u>106,195</u>
Non-Financial Assets		
Prepaid assets	648	530
Total Non-Financial Assets	<u>648</u>	<u>530</u>
Accumulated Surplus (note 6)	<u>\$ 88,014</u>	<u>\$ 106,725</u>

Commitments (note 7)

To be read with reference to the Notes to the Financial Statements

Director of Finance, City of North Vancouver



On behalf of the Commission:



Director, North Vancouver
 Museum and Archives Commission



Chair, North Vancouver
 Museum and Archives Commission

North Vancouver Museum and Archives Commission

Statement of Operations

For the year Ended December 31, 2014 with comparative figures for 2013

	2014 Budget	2014 Actual	2013 Actual
Revenues			
Contributions and grants			
General	\$ 1,044,044	1,075,070	\$ 998,228
Special purpose	-	26,888	28,619
Other fees and miscellaneous			
General	8,850	17,705	12,409
Special purpose	-	7,287	5,141
	<u>1,052,894</u>	<u>1,126,950</u>	<u>1,044,397</u>
Expenses			
Wages and benefits			
General	736,845	726,408	660,314
Special purpose	-	19,366	26,044
Goods and supplies			
General	39,410	41,810	35,341
Special purpose	-	2,571	905
Services			
General	276,639	343,268	309,259
Special purpose	-	12,238	6,810
	<u>1,052,894</u>	<u>1,145,661</u>	<u>1,038,674</u>
Annual surplus (deficit)	-	(18,711)	5,723
Accumulated surplus at beginning of year	106,725	106,725	101,002
Accumulated surplus at end of year	<u>\$ 106,725</u>	<u>88,014</u>	<u>\$ 106,725</u>

To be read with reference to the Notes to the Financial Statements

North Vancouver Museum and Archives Commission
Statement of Change in Net Financial Assets
For the year Ended December 31, 2014 with comparative figures for 2013

	<u>2014 Budget</u>	<u>2014 Actual</u>	<u>2013 Actual</u>
Annual surplus (deficit)	\$ -	\$ (18,711)	\$ 5,723
Use of prepaid expenses	-	530	-
Acquisition of prepaid expenses	-	(648)	(530)
Increase (decrease) in net financial assets	-	(18,829)	5,193
Net financial assets at beginning of year	<u>106,195</u>	<u>106,195</u>	<u>101,002</u>
Net financial assets at end of year	<u>\$ 106,195</u>	<u>\$ 87,366</u>	<u>\$ 106,195</u>

To be read with reference to the Notes to the Financial Statements

North Vancouver Museum and Archives Commission
Statement of Cash Flows
For the year ended December 31, 2014 with comparative figures for 2013

	<u>2014</u>	<u>2013</u>
Cash provided by (used for):		
Operating activities		
Annual surplus (deficit)	\$(18,711)	\$ 5,723
Changes in non-cash operating balances		
Due from the City of North Vancouver	(21,436)	(8,416)
Accounts receivable and other	(23,666)	11,720
Prepaid expenses	(118)	(530)
Accounts payable and accrued liabilities	1,625	(5,642)
Deferred revenue	64,706	(1,455)
Post-employment benefits, compensated absences and termination benefits	(2,400)	(1,400)
Cash generated by operating transactions	<u>-</u>	<u>-</u>
Change in cash during the year, being cash at the beginning and end of year	<u>\$ -</u>	<u>\$ -</u>

To be read with reference to the Notes to the Financial Statements

***North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2014***

1. PURPOSE OF THE COMMISSION AND OPERATIONS

Under an agreement dated August 28th, 1995, the City of North Vancouver (the "City") and the District of North Vancouver (the "District") established the North Vancouver Museum & Archives Commission (the "Commission"). The purpose of the Commission is to serve as sole custodian of the City and the District's cultural, archival and museum collections and to facilitate, encourage and provide a broad array of museum and archival services. The Commission is allowed to establish fees for the use of museum and archival services, and is required to arrange liability insurance for exposures.

The City and the District appoint five Commissioners each, and the Friends of the North Vancouver Museum and Archives Society may appoint a member of the Society to serve as a Commissioner. The Commissioners are appointed for a term of three years and serve without remuneration. The term may be renewed for up to a further three years. Commissioners who are councilors are appointed annually.

Annual budgets are submitted by the Commission to the City and the District for approval. Operating costs, net of revenues, are funded by equal contributions from the City and the District. Capital costs are funded by the municipality in which a facility is located. When a capital expenditure cannot be attributed to a facility, it is funded by equal contributions from the City and the District.

Cash transactions of the Commission are processed by the City, including payroll and other expenses. The Commission reimburses the City for financial, database, vehicle repairs and human resources services provided by the City. The Commission reimburses the District for software, hardware and technical support for information technology at the Community History Centre.

Liabilities for employee compensated absences, post-employment benefits, and termination benefits are recorded in the financial statements of the Commission.

The Commission has a license to occupy the Community History Centre, granted by the District, pending completion of a formal lease between the two parties. The Community History Centre houses the Archives Research Room and collections, the staff of the North Vancouver Museum and Archives, and provides storage for the art collection and educational materials. The Commission sub-leases a portion of the City-owned Presentation House from the Presentation House Cultural Society to house the Museum Galleries. The City rents warehouse storage space for the collections, with lease payments made by the Commission. A City-owned portion of a garage/storage building built by the Greater Vancouver Regional District in the Mount Seymour Demonstration Forest is used for antique vehicle storage. These leases are accounted for as operating expenses.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Commission have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

***North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2014***

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Functional and Object Reporting

The operations of the Commission are comprised of a single function, museum and archives operations. As a result, the expenses of the Commission are presented by object in the Statement of Operations.

(c) Tangible Capital Assets

Tangible capital asset acquisitions funded by the City and the District are retained by the City and the District and are recorded in their own financial statements and are therefore not recorded in these financial statements. No capital consumption or depreciation charges are charged to the Commission.

Other tangible capital assets donated to the Commission or acquired with grants, donations or earned revenues are recorded at fair value or cost, respectively, in these financial statements. Tangible capital assets are recognized only when such expenditures represent a new asset or extend the life or service capacity or improve the quality of an existing asset. They are amortized over their useful lives using the straight-line method. The Commission does not currently have any tangible capital assets.

Long-term capital plans adopted by the Councils of the City and the District provide funding for the replacement and acquisition of tangible capital assets. Certain tangible capital assets in use by the Commission are owned by the City and District in direct proportion to their financial contribution and are not recorded in these financial statements. The Commission is required to carry replacement cost insurance coverage on all tangible capital assets owned and used by the Commission.

(d) Collection Assets

Collection assets that are protected, cared for and preserved by the Commission include works of art, historical artifacts, historical photographs, maps, and general archival documents. These collections are not recorded as assets in the Statement of Financial Position.

Municipal ownership of collection assets is designated in the event of the dissolution of the Commission. Assets donated by residents of the City are owned by the City, and those donated by residents of the District are owned by the District. Collection assets donated by any other source or an unknown source are owned in accordance with decisions made by the Commission, based upon whether the asset is reflective of the history of the City or the history of the District or both.

***North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2014***

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Collection Assets (continued)

The Commission's database contains records for 22,179 historic artifacts that have cultural, aesthetic or historical value. Of these, 4,705 are assigned to both the City and the District, 1,269 are assigned to the District, and 16,205 are assigned to the City. There are records of 60 other objects owned by the City that were part of Mayor Loucks' collection that have been removed from the database as they are not part of the Museum's permanent collection. There are records for 4 loaned objects to another museum and 18 loaned objects from private lenders, which are not assigned to either municipality. In 2014, 135 total artifacts were deaccessioned from the Commission's collection, all of which were assigned to City ownership. 1,113 artifacts were found unaccessioned, recorded in the database and assigned joint ownership.

(e) Revenue Recognition

Revenue is recorded on an accrual basis and recognized when earned. Restricted contributions and grants are recognized as revenue in the year in which related expenditures are incurred. Government transfers are recognized as revenue in the period they are authorized and any eligibility criteria are met, except to the extent they contain a stipulation that gives rise to a liability. Such transfers are initially deferred and recognized as revenue in the period the stipulations are met.

(f) Accrued Sick and Severance

Full-time employees of the Commission are entitled to payments related to unused sick leave and severance upon retirement or resignation after ten years of service. The amount recorded for such benefits is based on past experience and assumptions about retirements, compensation increases, employee turnover and rates of return.

(g) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Areas requiring significant estimation relate to the liability for post-employment benefits, compensated absences and termination benefits. Actual results could differ from those estimates.

(h) Budget Figures

Budget figures for 2014 were approved by the Commission on September 19, 2013.

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2014

3. DUE FROM THE CITY OF NORTH VANCOUVER / DISTRICT OF NORTH VANCOUVER

The City and the District equally fund the Commission for sick and severance payments. The following table shows the breakdown between cash held and amounts owing for sick and severance for both the City and the District. The amounts are interest free with no specific terms of repayment.

	<u>City Share</u> <u>2014</u>	<u>2013</u>	<u>District Share</u> <u>2014</u>	<u>2013</u>
Cash Held by City of North Vancouver	\$ 238,293	\$ 216,857	\$ -	\$ -
Sick and Severance Liability	10,496	10,496	10,497	10,497
	<u>\$ 248,789</u>	<u>\$ 227,353</u>	<u>\$ 10,497</u>	<u>\$ 10,497</u>

4. DEFERRED REVENUE

Deferred revenue represents restricted funding received from external sources, and is recognized as revenue when the restrictions have been met or the appropriate expenditures are made.

	December 31, 2013	Received	Recognized	December 31, 2014
Special Purpose Fund	\$ 200	\$ 10,000	\$ 200	\$ 10,000
City Special Projects	-	3,980	387	3,593
City Street Car	9,606	-	-	9,606
Flamborough Head	5,808	-	-	5,808
Archives General	-	10,350	6,681	3,669
General	4,924	32,688	12,422	25,190
Historica	2,693	4,130	6,107	716
Collection Acquisition	1,120	744	1,389	475
Museum Special Project Management	116	-	-	116
Teachers Resource Center	3,065	-	-	3,065
Lecturn	166	-	-	166
Oral History Project	4	-	4	-
BC Gaming	-	30,004	-	30,004
	<u>\$ 27,702</u>	<u>\$ 91,896</u>	<u>\$ 27,190</u>	<u>\$ 92,408</u>

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2014

5. POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS

The Commission provides the following benefits to employees.

Sick and Severance

Full time employees of the Commission are entitled to payments related to unused sick leave and severance upon retirement or resignation after ten years of service. The amount recorded for these benefits is based on an evaluation done by an independent firm of actuaries using a projected benefit actuarial valuation method pro-rated on services. The most recent actuarial valuation of the Commission's post-employment benefits was completed as at December 31, 2012.

Sick Leave

The Commission provides benefits for sick leave to all permanent full-time and regular part-time employees working over 20 hours a week. Employees accumulate sick leave on a monthly basis and can only use this entitlement for paid time off under certain circumstances. The amount recorded for this benefit is based on an actuarial evaluation done by an independent actuarial firm and will be reviewed on a periodic basis.

Post-employment benefits are funded through grant revenue from the City and the District.

Information regarding the Commission's obligations for these benefits is as follows:

	<u>2014</u>	<u>2013</u>
Accrued Benefit obligation - beginning of the year	\$ 34,900	\$ 40,800
Add: Current service costs	1,700	1,800
Interest cost	1,300	1,300
Less: Amortization of actuarial gain	<u>(8,400)</u>	<u>(9,000)</u>
Accrued Benefit obligation - end of the year	29,500	34,900
Add: Unamortized actuarial gain	<u>33,400</u>	<u>30,400</u>
Accrued benefit liability - end of the year	<u>\$ 62,900</u>	<u>\$ 65,300</u>

The most recent actuarial valuation of the Commission's employee future benefits was completed as at December 31, 2012. The City commissioned an independent review which included the Commission's estimated liability for sick and severance termination, and early retirement vacation benefits.

The significant actuarial assumptions adopted in measuring the Commission's accrued benefit obligation are as follows:

	<u>2014</u>	<u>2013</u>
Discount rates	3.10%	4.00%
Expected future inflation rates	3.00%	3.00%
Expected wage and salary increases (net of inflation)	.08% to 2.0%	.08% to 2.0%

North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2014

6. ACCUMULATED SURPLUS

The Commission's accumulated surplus is segregated as follows:

	December 31, 2013	Revenue	Expenses	December 31, 2014
Appropriated surplus	\$ 2,408	\$ 34,175	\$ (34,175)	\$ 2,408
Unappropriated surplus	104,317	1,092,775	(1,111,486)	85,606
Accumulated surplus	<u>\$ 106,725</u>	<u>\$ 1,126,950</u>	<u>\$ (1,145,661)</u>	<u>\$ 88,014</u>

Appropriated surplus represents funds that are restricted by the Commission for specific purposes.

7. COMMITMENTS

(a) Warehouse Lease

The City leases a warehouse for the storage of collections. The lease requires monthly basic lease payments plus management fees, expenses and property taxes. As the current lease agreement is set to expire on May 31, 2015, a new two-year lease agreement was signed in July 2014 for the period of June 1, 2015 to May 31, 2017. These lease payments are included in the Statement of Financial Activities for the Commission.

Annual lease costs, excluding management fees, property tax, expenses,
for the years ending December 31:

2015	\$ 59,804
2016	60,450
2017	25,187

(b) Pension Plan

The Commission and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 14 contributors from the Commission.

***North Vancouver Museum and Archives Commission
Notes to the Financial Statements
For the year ended December 31, 2014***

7. COMMITMENTS (continued)

(b) Pension Plan (continued)

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Commission paid \$65,510 (2013 - \$55,066) for employer contributions to the Plan in fiscal 2014. Although employees of the Commission are part of the Plan of the City, pension contributions are recorded as an expense on the financial statements of the Commission.